

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 2575 - SB 2786

March 10, 2020

SUMMARY OF ORIGINAL BILL: Decreases, from five business days to three business days, the date by which a pharmacy benefits manager or covered entity must remove a drug from the maximum allowable cost list following the date that the manager or entity becomes aware that the drug no longer is generally available for purchase by pharmacies in this state from a national or regional wholesaler.

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

IMPACT TO COMMERCE OF ORIGINAL BILL:

NOT SIGNIFICANT

SUMMARY OF AMENDMENT (016447): Deletes all language after the enacting clause. Requires a pharmacy benefits manager (PBM) or a covered entity to base the calculation of any coinsurance for a prescription drug or device on the allowed amount of the drug or device and not charge a covered entity an amount greater than the reimbursement paid by the PBM to contracted pharmacy for the prescription drug or device. For purposes of this section, "allowed amount" means the cost of a prescription drug or device after applying all PBM or covered entity discounts. The proposed legislation applies to all policies or contracts entered into, renewed, amended, or delivered on or after July 1, 2020.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Unchanged from the original fiscal note.

Assumptions for the bill as amended:

- Based on information provided by the Division of TennCare, no TennCare programs charge coinsurance for prescription devices and TennCare's PBM does not charge more than the reimbursement paid to contracted pharmacies; therefore, any fiscal impact is estimated to be not significant.
- Based on information provided by the Division of Benefits Administration, the proposed legislation codifies current practice; therefore, any fiscal impact is estimated to be not significant.

IMPACT TO COMMERCE WITH PROPOSED AMENDMENT:

Other Commerce Impact – Due to multiple unknown factors, an exact impact to commerce and jobs cannot be reasonably determined.

Assumptions for the bill as amended:

- The proposed legislation requires a PBM to base the calculation of any coinsurance for a prescription drug or device on the allowed amount of the drug or device and not charge a covered entity an amount greater than the reimbursement paid by the PBM to contracted pharmacy for the prescription drug or device.
- Due to multiple unknown factors such as the allowed amounts on the drugs or devices and the amount of required copayments, an exact impact to commerce cannot be reasonably determined.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

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